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The Agricultural Act of 2014: Land Retirement Programs, The Conservation Reserve Program (CRP)

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The Conservation Reserve Program (CRP) is the lone land retirement program funded by the 2014 Farm Bill after the retirement of the Grassland Reserve Program (GRP).

What is the CRP?

The Conservation Reserve Program is a voluntary land conservation program established in 1985. Its long term goal is to improve water quality, prevent soil erosion, and reduce loss of wildlife habitat through the removal of environmentally sensitive lands from agricultural production. Contracts through the Farm Service Administration (FSA) provide yearly rental payments to farmers who enroll in the program. The types of land sought out by CRP include “agricultural land prone to erosion, pasture or agricultural land that borders river or stream banks, or field margins” (USDA FSA, 2014). These contracts are ten to fifteen years in length and insure improvements in environmental health and quality through the conversion of agricultural land back to natural or semi-natural vegetative cover. While under contract farmers are unable to respond to higher crop prices by replanting enrolled land, farmers who are not enrolled in the program benefit from the higher crop prices. In this way

the CRP is both a land retirement program and supply control program (Hicks, 2008). Practices including riparian buffers, field windbreaks, filter strips, and wetland restoration encourage reduce runoff, provide wildlife habitat and help to preserve groundwater quality. Cost-shares are available to help pay for proposed conservation practices; these are made in addition to the annual rental payments. Overall, the program leads to an improvement in local environmental conditions while providing annual rental payments to farmers for providing these benefits.

What is different for 2014?

The 2014 Farm Bill extends funding for the Conservation Reserve Program through FY2018 but marks a continuing shift away from land retirement programs and towards working lands programs. With the retirement of the Grasslands Reserve Program the Conservation Reserve Program becomes the only land retirement program funded by the Farm Bill. Although the CRP remains largely unchanged it’s expanded to take on the non-easement functions of GRP (CBO 2014). This allows all conservation efforts made through the retirement of lands to be consolidated into one program.

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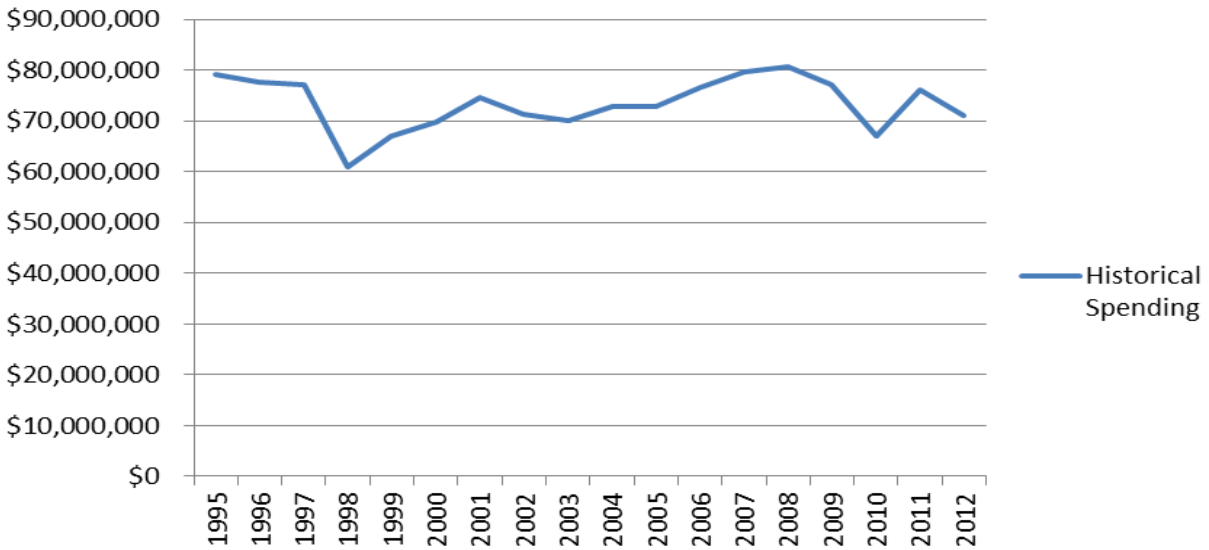


Figure 1: CRP Historical Spending in Colorado, 1995-2012
Source: Environmental Working Group, 2014
Note: Information on conservation spending is incomplete for 2011 and 2012.

Despite the additional functions allocated to CRP in 2014 the proportion of funds allotted to CRP continue a falling trend. Acreage enrollment figures also reflect the shift in focus from land retirement programs to working lands programs. Compared to 2008, the 2014 Farm Bill scales back the extent to which land retirement will be used as a conservation tool. The maximum number of acres to be retired is reduced from 32 million acres to 24 million acres by 2017. This

represents a 25% decrease in the cap from 2008 and an almost 35% decrease from peak enrollment of 36.8 million acres in 2007. Grassland enrollment will be capped at 2 million acres (USDA ERS 2014). These reductions in absolute acreage enrolled in land retirement programs will be offset by a shift to retiring smaller but more environmentally beneficial lands and promoting working land conservation on larger plots and entire farms (USDA ERS 2014).

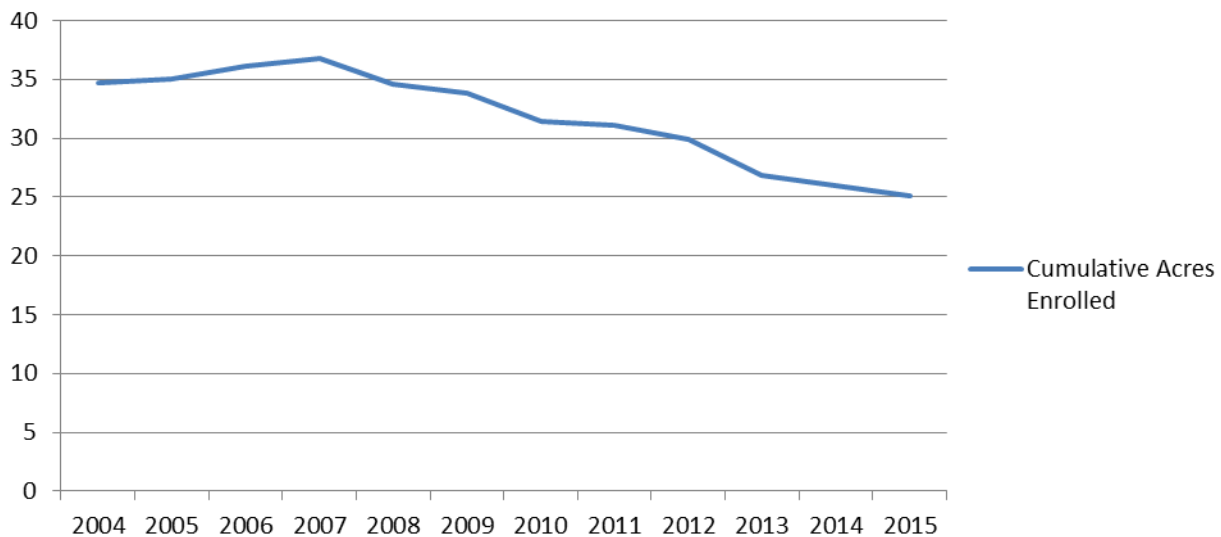


Figure 2: CRP Cumulative Acres Enrolled Nationwide, millions of acres
Source: USDA Office of Budget and Programs Analysis 2014

CRP in Colorado:

The Conservation Reserve Program in Colorado has seen dramatic growth in total financial obligations since 2009 after remaining relatively constant through the four year period from 2005 through 2008. Obligations

jumped from \$0.55 million in 2009 to over \$3.66 million in 2011, but have since fallen slightly to \$2.44 million. Total acres enrolled have increased by almost 250% from 124,113 in 2005 to 300,484 in 2012.

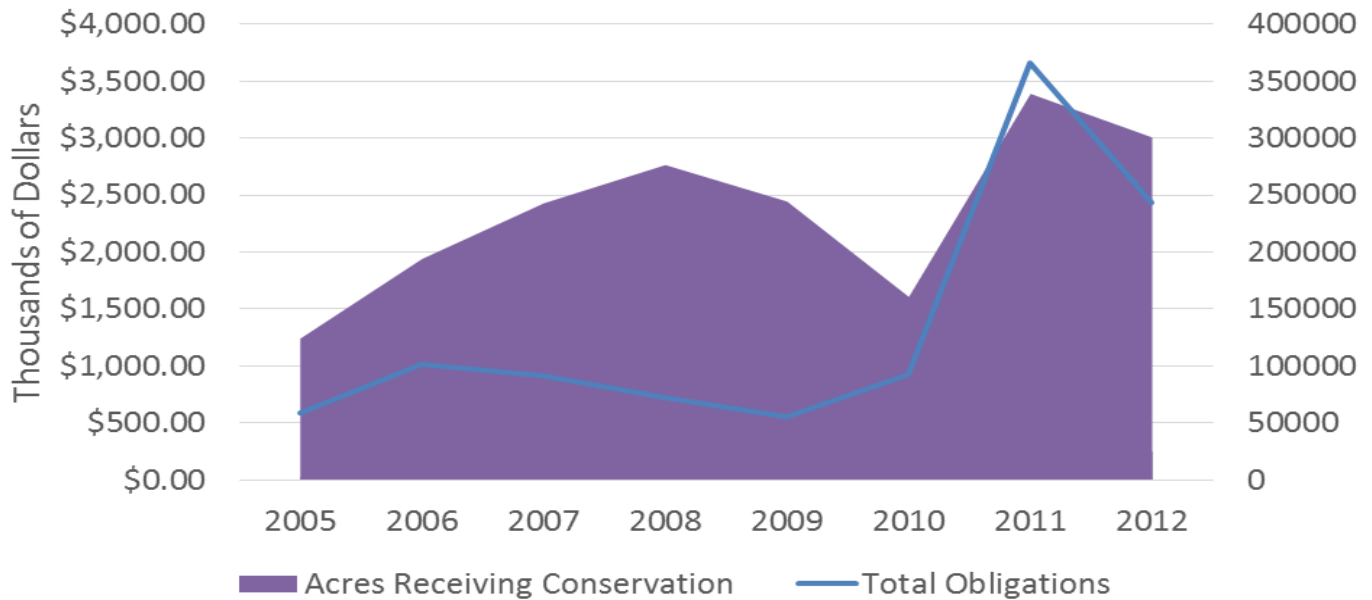


Figure 3: Historical Obligations of CRP in Colorado, 2005-2012
Source: Natural Resources Conservation Service, 2013.

How do I enroll?

Enrollment is processed through any local FSA office and can be done through one of two processes. Periodically a competitive process called General Sign-up is announced by the Secretary of Agriculture who then accepts bids for enrollment. Enrollment into the program is awarded based on the environmental benefits that will result from the proposed conservation practices (USDA FSA, 2014). Offers that are made are forwarded to the USDA and ranked against each other on a national level according to the Environmental Benefits Index (EBI). The EBI considers the sensitivity of the land, the types of conservation practices

proposed, environmental benefits provided, the durability of the benefits, as well as costs

CRP Continuous Sign-up offers enrollment on a continuous basis and offers are not ranked against each other. Continuous Sign-up is available to any farmer who has owned or operated the land for at least 12-months prior to the previous sign-up period is eligible to enroll in the program. Exceptions to this rule may be made if the land has changed ownership due to the death of the previous owner or through foreclosure. Additionally, land purchased within the 12-month

Table 1: Summary of Changes to CRP

Prior Law/Policy	Enacted 2014 Farm Bill (P.L. 113-79)
Authorizes the CRP through FY2013. CRP provides annual rental payments to producers to replace crops on highly erodible and environmentally sensitive land with long-term resource conserving plantings.	Extends authorization through FY2018. Adds grasslands to list of eligible lands, which is consistent with the consolidation of Grassland Reserve Program (GRP) rental agreements under CRP (also see Sec. 2004 below). Amends eligible land definition for land not enrolled in CRP. Similar to the House bill with minor differences.
Determines the planting status of certain land.	Deletes language allowing land enrolled in the Water Bank Program and cropland expiring in CY2000-CY2002 to be enrolled.
Authorizes the maximum acreage enrollment levels; the program is currently authorized through FY2013 to enroll up to 32 million acres.	Reduces enrollment to 27.5 million acres in FY2014; 26 million acres in FY2015; 25 million acres in FY2016; 24 million acres in both FY2017 and FY2018. Also caps grassland enrollment at 2 million acres between FY2014 -FY2018. Gives expiring CRP acres priority enrollment for grassland contracts. Grassland sign-up is continuous with one or more.
Defines the duration of contracts.	Amends language for land devoted to hardwood trees, shelterbelts, windbreaks, or wildlife corridors to allow flexible contract lengths beyond the current 10- 15 years.
Lists priority areas as the Chesapeake Bay Region, the Great Lakes Region, and Long Island Sound.	Deletes watershed-specific language, but retains the use of conservation priority areas as determined by USDA.
Authorizes a pilot program for up to 1 million acres of wetland and buffer acreage in CRP.	Renames the pilot program “Farmable Wetlands Program.” Reauthorizes the program through FY2018, and clarifies language related to constructed wetlands receiving water from agricultural drainage. Reduces acreage limitation from 1 million acres to 750,000 acres.
Establishes approved use of harvesting, grazing, and wind turbine use on CRP acres.	Deletes language related to harvesting, grazing, and wind turbine use on CRP acres.
Requires a conservation plan on all CRP acres and reduces rental payment for certain authorized uses.	Amends conservation plan language by removing possible base acre retirement. Deletes rental payment reduction requirement for certain authorized activities. Rental payment reduction language is added.
Specifies the duty of USDA to make cost-share payments and rental payments.	Deletes the current section and adds new section that specifies the duties of USDA as: making cost-share and rental payments; allowing for emergency harvesting, grazing, and other use of forage without a reduction in rental rate; allowing livestock grazing for a beginning farmer or rancher without a reduction in rental rate; certain permitted activities (harvesting, grazing, and wind turbines) in exchange for not less than a 25% reduction in rental rates. All permitted activities must be consistent with an approved conservation plan. Allows grazing, harvesting, and fire suppression on enrolled grasslands. In exchange for a reduced rental rate, a landowner may install land improvement practices up to one year before the CRP acres expire. This land may not reenroll in CRP for five years. Clarifies that certain permitted activities are subject to restrictions for nesting birds that are economically significant, in decline, or conserved by law. Includes the Senate provision that requires reduced rental payments for landowners electing to install land improvement practices up to one year before the CRP acres expires, but requires the reduction be equal to the economic value of the activity.

Establishes a framework for calculating annual rental payments.	Similar to the Senate bill. Adds the requirement that incentive payments be limited to no more than 150% of the cost of thinning or other practices conducted. Adds the requirement that NASS conduct a rental rate survey no less than once a year. Adopts the House bill's payment schedule language, which does not include reference to the CCC as the payment funding source. Allows incentive payments for tree and shrub maintenance (thinning activities). Amends rental payment calculation to include grassland contracts for not more than 75% of the grazing value. Dryland cash rental rates may also be used as a factor for determining annual rental rates. Deletes language allowing for in-kind commodities as a form of CRP payment. Includes a limit of \$10 million for thinning activities between FY2014-FY2018.
Facilitates the transfer of CRP acres from a retiring owner to a beginning/socially-disadvantaged producer to return land to production, and allows new owner to begin land improvements or start organic certification process one year before CRP contract expires.	Adds land enrolled in CREP to the list of land ineligible for early termination, and amends the early termination provisions to allow producers with a CRP contract in place for five or more years to terminate the contract in FY2015. Adopts the Senate bill's inclusion of "veteran farmer or rancher" as eligible individuals for the CRP transition option. Includes and reduces the Senate bill's limit on the CRP transition option to \$33 million between FY2014- FY2018.
Allows land enrolled in CRP before enactment of the 1990 farm bill (P.L. 101-624, November 28, 1990) to convert vegetative cover to hardwood trees or restored wetlands.	Repeals a provision added in the 1990 farm bill that allows land to be converted from vegetative cover to hardwood trees or restored wetlands. [Sec. 2007]
Limits payments for thinning activities to \$100 million between FY2009-FY2013 and payments for the transition assistance to \$25 million for FY2009- 2013.	Reduces limit for incentive activities to \$10 million between FY2014-FY2018 and increases limit for transition assistance to \$33 million between FY2014-FY2018.

Source: Congressional Research Service, 2014

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